

# Data Summary

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## **Length of the Last Mile**

### **Delays and Hurdles in NREGA Wage Payments**

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## Data Summary

We present a data summary of the challenges workers face while trying to access their wages from payment disbursement agencies. The data consists of responses, statistical estimates & predictions of 1947 NREGA workers from the states of Andhra Pradesh (AP), Jharkhand (JH) and Rajasthan (RJ). The disbursement agencies include banks, CSP/BCs, ATMs & Post Offices (only in AP). We have divided the findings into 7 sections:

- Awareness, Access to Information & Location of Payment Disbursement agency
- Transparency & Accountability
- Aadhaar & Biometric Related
- Time & Cost to Access
- Rejected Payments
- Grievance Redressal
- Recommendations

### Awareness, Access to Information & Location of Payment Disbursement Agency

- Around 65 percent of the respondents in AP, 50 percent in JH and about 97 percent in RJ were unaware of the number of bank transactions they can do in a month.
- In JH and RJ blocks, roughly 1 in 2 people were unaware of the minimum bank account balance required to keep the account active.
- 75 percent of all respondents did not know if bank branches other than the parent bank branch could be used for financial transactions.
- Only 11 percent of workers receive SMS services to be informed about wage credit. 36 percent have to visit a bank just to find out if their wages have been credited.
- 25 percent of respondents reported that despite being informed about wage credit (through any means), they went to the bank and found out that their wages were not yet credited.
- Higher awareness amongst workers does not directly translate into lowering hardship experiences
- There is better penetration of payment disbursement agencies in AP compared to JH and RJ. Roughly two-thirds of the respondents in AP had access to disbursement agencies in their own village and

panchayat. For 69 percent in JH and 49 percent in RJ the nearest payment disbursement agency was far away at the block.

## Transparency & Accountability

*Women in Jharkhand waiting with their children outside a particular Gramin bank. While the main gate of the bank was closed and they were requesting to get their passbooks updated through the small window.*



- While all the bank and post office users were issued a physical passbook, about 56 percent of all those who opened accounts at CSPs/BCs were not issued passbooks.
- 57 percent of the respondents reported that their passbooks do not always get updated. This was most severe in RJ where about 69 percent reported that their passbooks never get updated on withdrawals.
- More than two-thirds of the time, workers were denied the facility to update passbooks due to overcrowding at banks or because bank officials asked to come back later.
- 100 percent of the post-office users reported that their passbook always gets updated on withdrawals
- While a significant proportion in AP got receipts for withdrawals at CSP/BC, over 80 percent in JH and RJ did not get receipts at CSP/BC.

- Issues of network connectivity, faulty printers and overcrowding were the key reasons for denial of receipts.
- One in three respondents had to pay commissions to the CSP/BC to withdraw wages. This was highest in JH where 45 percent of the users reported to have been charged for withdrawing wages.

## Aadhaar and Biometric Related

- An estimated 40 percent of CSP/BC users faced biometric authentication failure at least once in their last 5 transactions.
- An estimated 7 percent reported that EACH of their last 5 transactions failed due to biometric authentication issues at CSP/BCs.
- Roughly one in three respondents in RJ experienced difficulty in linking their Aadhaar to the bank account. It was about one in 5 in Jharkhand and about one in 14 in AP.

## Time and Cost

- An estimated 42 percent in JH and 38 percent of people in RJ took more than 4 hours to access wages from banks. In comparison, this was just 2 percent in AP.
- Approximately one in four respondents in JH and RJ spent 3 hours accessing wages from CSP/BC. As opposed to that only 1 person in AP reported taking that long.
- An estimated 18 percent of bank users were denied wages and asked to visit CSP/BC instead.
- The average cost incurred to visit post offices to withdraw wages is the lowest at Rs. 6. In comparison, it costs Rs. 31 to visit a bank, Rs. 11 for a CSP/BC & Rs. 67 for an ATM.
- Nearly 50 percent of ATM users reported that they had to visit the ATM again because the machine did not dispense any cash.
- About 45 percent of the bank users had to make multiple visits for their last withdrawal while an estimated 40 percent of the CSP/BC users had to make multiple visits due to transaction failures.

## Rejected Payments

- Rejected payments are those transactions that are stuck due to technical errors of the payment system, bank account problems or data entry errors. Of the 249 people in our sample with rejections 111 were from JH and 138 from RJ. At the time of the survey, AP had negligible rejected payments. Workers don't get these wages unless the rejected payments are rectified.
- According to official figures, as of July 2020, in the last five years, about Rs. 4,800 crore worth of payments were rejected and about Rs. 1,274 crore worth is still pending to be paid to workers.
- 63 percent of people in JH were not aware that their payment was rejected as opposed to 25 percent in RJ.
- 77 percent of the respondents were UNAWARE of the reason for their payments being rejected. Unless the reasons are known, the rectification is not possible. Consequently, all future NREGA wage payments to these individuals will continue to be rejected.
- 70 percent of people with rejected payments have experienced very high or high hardships at their respective payment agency. This indicates that people with rejected payments have to face a twofold problem. They not only face the brunt of the payment rejection but also experienced greater hardship at their payment agency.

## Grievance Redressal

- Normalisation of hardship implies that even severe violations of the Act are not construed as legitimate grievances by workers. In the rare case, even when they did recognise that the issue constituted a grievance, they seldom registered it officially.
- Overall, about 546 (of 1947) respondents communicated their complaints - of which about 94 percent did so verbally. The remaining 6 percent filed them in writing and only 1 respondent among them filed the complaint online.
- Filing a complaint verbally has no official bearing and therefore it is equivalent to not filing it at all.
- About 30 percent of the respondents in RJ and 24 percent in JH reported that they had grievances but had not registered them.

- 79 percent of the complaints were about pending wages and partial wages received.
- 64 percent of the complaints (albeit verbally communicated) were communicated/given to the Panchayat officials.
- 59 percent respondents who filed complaints across the states did not have them satisfactorily resolved or resolved at all. Among those who said that their complaints were not resolved at all, they were either told to wait for a few days or didn't know the status of their complaints.

## Recommendations

*A typical day in a rural bank branch in Jharkhand. With just 3-4 staff members, rural banks are extremely short staffed. Hundreds gather and wait to access basic banking services.*





- In light of the COVID-19 crisis, increase the number of days of individual entitlements, provide work on demand at the work site.
- Ensure timely payment of wages and payment of delay compensation for the full extent of delay, i.e., till the wages are credited to the workers' accounts. Wage slips must be provided to every worker regularly at designated areas in the panchayat.
- There is an urgent need to increase bank branches in rural India and decentralise the wage payments mechanisms.
- Information system design must be worker centric. Worker participation in designing and rolling out information systems is critical. For instance, all information from work demand to payments must be made available in each panchayat in formats arrived at through consultation with workers.
- Ensure a Know Your Rights (KYR) framework (details in the Annexure) is prominently displayed and implemented at every payment disbursement agency. Passbook update facilities should be made available at every payment disbursement agency including CSPs and BCs.
- Create strong accountability structures for EVERY intermediary in the disbursement of wage payments including agencies such as UIDAI, NPCI, PFMS, Banks, and CSPs/ BCs. Each of these agencies should be brought within the ambit of social audits.
- Ensure timely coordination with various payment intermediaries to proactively resolve issues of rejected payments.
- Any payment related interventions should be worker centric and must be piloted with wide consultation with workers before rolling out.